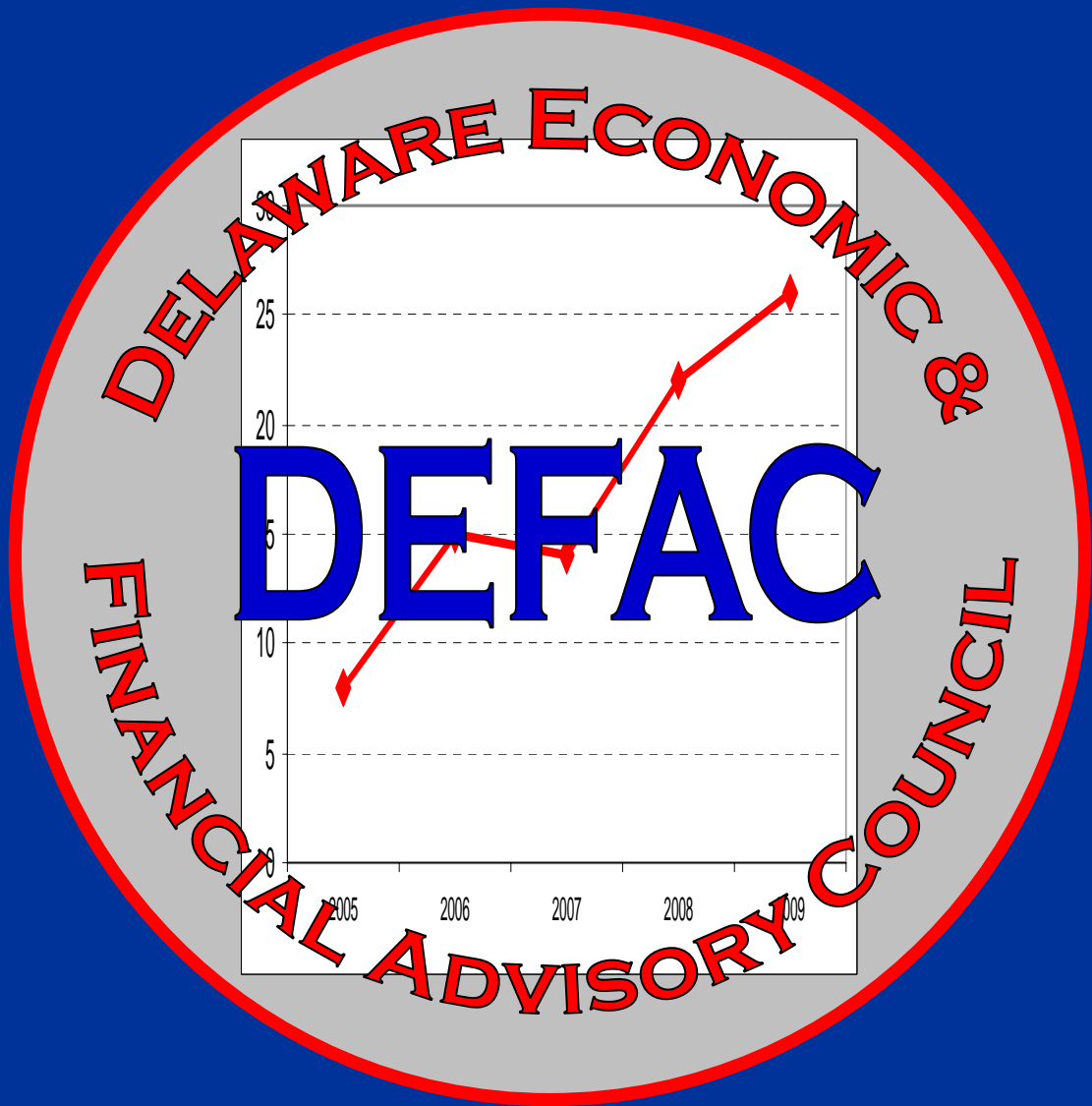


# ANNUAL REPORT



FY 2006

## **Table of Contents**

<b>Purpose.....</b>	<b>1</b>
<b>Overview .....</b>	<b>1</b>
Revenue Forecasts vs. Actual Collections.....	1
<b>FY 2006 Economic Forecasts .....</b>	<b>2</b>
<b>FY 2006 General Fund Revenue Forecasts .....</b>	<b>2</b>
<b>FY 2007 Economic Forecasts .....</b>	<b>2</b>
<b>FY 2007 General Fund Revenue Forecasts .....</b>	<b>2</b>
<b>FY 2006 General Fund Expenditure Forecasts.....</b>	<b>2</b>
<b>Progression of FY 2007 Appropriation Limit Estimates.....</b>	<b>3</b>
<b>General Fund Budgets: FY 2004 – FY 2007 .....</b>	<b>3</b>
<b>Transportation Trust Fund.....</b>	<b>3</b>
FY 2006 Revenue Estimates.....	3
FY 2007 Revenue Estimates.....	3
FY 2006 Expenditure Estimates.....	4
<b>Attendance .....</b>	<b>4</b>
<b>Appendix .....</b>	<b>A1 – A15</b>

## Purpose

DEFAC's FY 2006 Annual Report's purpose is to provide its members and other interested parties with a review of the analyses and events that were instrumental in the preparation of the Council's estimates. By summarizing the previous year's estimates, the report provides context for the development of estimates throughout FY 2007. Additionally, the report shows how well DEFAC performed in FY 2006, given the evolution of economic conditions and forecasts over the course of the year.

## Overview

FY 2006 was the fourth consecutive year that General Fund actual revenue collections exceeded the Revenue Resolution, the amount upon which the budget is based. In FY's 2002 and 2003 actual revenues exceeded the Revenue Resolution by 2.6% and 3.0%, respectively. In FY 2004, however, the relative level of excess revenues essentially tripled from its FY 2002-2003 levels, climbing to 8.8% above the Revenue Resolution. FY 2005's actual collections exceeded the Revenue Resolution by 4.1%. FY 2006 collections exceeded the Revenue Resolution by 5.4%.

### Revenue Forecasts vs. Actual Collections (\$ Millions)

Fiscal Year	Revenue Resolution	Actual Collections	Actual minus Resolution	Percent Difference
2002	2,364.5	2,425.7	61.2	+2.6%
2003	2,364.8	2,436.4	71.6	+3.0%
2004	2,514.0	2,735.5	221.5	+8.8%
2005	2,765.1	2,877.6	112.5	+4.1%
2006(1)	3,008.3	3,169.9	161.6	+5.4%

(1) The FY 2006 Revenue Resolution figure is adjusted for legislation passed in January 2006.

The variances highlighted in the table above cannot be attributed to legislative changes. The Revenue Resolutions already include the results of legislative changes. In most years, the difference between actual collections and the amount of the Revenue Resolution is a good indicator of DEFAC's forecasting acumen.

FY 2006 saw all of the state's six largest sources of tax revenue exceed the amounts contained in the Revenue Resolution. In fact, of the eighteen DEFAC General Fund revenue categories, only three failed to surpass the amounts contained in the Revenue Resolution.

For a complete chronological overview of the FY 2006's legislative changes and forecasting updates, see Table 1 on page A-1. For a summary of DEFAC's FY 2006 and 2007 forecast accuracy, see Table 2 on page A-2.

## **FY 2006 Economic Forecasts**

Generally speaking, FY 2006's economic performance was solid. Relative to Council's original expectations, however, FY 2006 was a bit of a mixed bag. Most important, Delaware job growth and income were essentially in line with June 2005 estimates. On the negative side, however, inflation and oil prices were higher than expected. On balance, though, FY 2006 turned in a strong performance. For a complete chronological overview of the FY 2006's economic forecasts, see Table 3 on page A-3.

## **FY 2006 General Fund Revenue Forecasts**

The impact of June 2005's legislative changes on FY 2006 revenue estimates is found in Table 4 on page A-4.

Actual net revenues were \$3,169.9 million, \$161.6 million or 5.4% higher than the Revenue Resolution. The personal income tax accounted for nearly 40% of the positive variance. Strong corporate income tax payments and a rebound in abandoned property collections together account for 44% of the positive variance. Table 5 on page A-5 contains a comprehensive history of the estimates as they evolved over the course of FY 2005.

Actual FY 2006 net General Fund collections exceeded FY 2005 collections by 10.2%.

## **FY 2007 Economic Forecasts**

Generally speaking, the FY 2007 outlook calls for solid, but slower growth than seen in FY 2006. For a complete chronological overview of the FY 2005 economic forecasts, see Table 6 on page A-6.

## **FY 2007 General Fund Revenue Forecasts**

The impact of the June 2005's legislative changes on FY 2007 revenue estimates is found in Table 7 on page A-7.

After the legislative changes to its FY 2007 estimates, DEFAC, over the course of FY 2006, added another \$191.8 million or 6.2% to its estimates. As was the case with respect to the FY 2006 estimates, the personal income and corporate taxes along with abandoned property accounted for the largest parts of the overall change.

At its June 2006 meeting, DEFAC projected FY 2007 revenues at \$3,292.3 million or 3.7% more than estimated FY 2006 revenues.

Table 8 on page A-8 contains a comprehensive history of the FY 2007 estimates as they evolved over the course of FY 2006.

## **FY 2006 General Fund Expenditure Forecasts**

The first FY 2006 expenditure estimate was prepared in December 2005. DEFAC adopted an estimate of \$3,260.3 million.

Actual spending was \$3,180.5 million, a decrease of \$79.8 million from the original estimate

The amount of money reverted to the General Fund was \$12.8 million, \$2.8 million more than the \$10.0 million forecast in December 2005. Continuing appropriations and encumbrances were originally pegged at \$224.0 million in December 2005. The actual amount ended up at \$342.5 million, an increase of \$118.5 million. This represents a 52.9% increase vs. December 2005's \$224.0 million estimate.

Actual FY 2006 expenditures were 12.7% more than FY 2005 expenditures.

Table 9 on page A-9 contains of a comprehensive history of the FY 2005 General Fund estimates as they evolved over the course of the year.

## **Progression of FY 2007 Appropriation Limit Estimates**

The first estimate for the FY 2007 appropriation limit was developed in December 2005 and stood at \$3,180.0 million. Actual FY 2007 appropriations were \$3,395.2 million. It should be noted that prior to the adoption of the FY 2007 budget, \$41.5 million in available funds were adopted as supplemental FY 2006 appropriations. Additionally, the FY 2007 budget changes the accounting for abandoned property revenues, which, per the Revenue Resolution, dropped another \$14.0 million from the FY 2007 General Fund revenue estimate.

Chart 1 on page A-10 contains of a comprehensive history of the FY 2007 General Fund appropriation limit estimates as they evolved over the course of the year.

## **General Fund Budgets: FY 2003 – FY 2007**

Total FY 2007 appropriations increased 5.8% vs. FY 2005. The FY 2007 operating budget, at \$3,101.9 million, grew 9.4%. Supplemental appropriations declined 26.2% to \$243.3 million. Grants, at \$50.0 million, were 17.9% higher than FY 2005.

A history from FY 2003 – FY 2006 of General Fund budgets is available in Table 10 on page A-11.

## **Transportation Trust Fund**

### ***FY 2006 Revenue Estimates***

FY 2006 Transportation Trust Fund (TTF) revenues were originally estimated at \$346.0 million in June 2005. Actual revenues were \$378.1 million, an increase of \$32.1 million or 9.3%. The bulk of the variance is attributable to an increase in the I-95 toll. Table 11 on page A-12 contains of a comprehensive history of the FY 2006 TTF estimates as they evolved over the course of the year.

### ***FY 2007 Revenue Estimates***

FY 2007 TTF revenues were originally estimated at \$352.0 million in June 2005. As of June 2006, revenues were pegged at \$398.2 million, an increase of \$46.2 million or 13.1%. The bulk of the variance is attributable to an increase in the I-95

toll. Table 12 on page A-13 contains of a comprehensive history of the FY 2007 TTF estimates as they evolved over the course of the year.

### ***FY 2006 Expenditure Estimates***

FY 2006 TTF expenditures were originally estimated at \$816.7 million in December 2005. Actual expenditures were \$734.3 million, a decrease of \$82.4 million or 10.1%. Table 13 on page A-14 contains of a comprehensive history of the FY 2006 TTF expenditure estimates as they evolved over the course of the year.

## **Attendance**

The FY 2006 attendance records are available in Table 14 on page A-15.

Table 1.

# FY 2006 General Fund Revenue Forecast & Legislative Overview

(Millions)

	FY 2006		FY 2007		Two-Year Total
June 2005 DEFAC Estimate	\$ 3,062.6		\$ 3,192.0		
Revenue Resolution (June 2005)	(56.6)		(96.9)		
Revenue Adjustments (January 2006)	<u>2.3</u>		<u>5.4</u>		
Adjusted June 2005 DEFAC Forecast (Starting point for review DEFAC estimates made in FY 2006.)	3,008.3		3,100.5		
DEFAC Changes					
September-05	13.7		17.1		30.8
December-05	28.9		28.2		57.1
March-06 (net of January legislative changes)	52.4		31.7		84.1
April-06	24.5		23.1		47.6
May-06	31.9		81.0		112.9
June-06	<u>13.8</u>		<u>10.7</u>		<u>24.5</u>
Total DEFAC Changes vs. Revenue Resolution	<u>165.2</u>		<u>191.8</u>		357.0
June 2006 DEFAC Estimate	3,173.5		3,292.3		
Actual FY 2006 Net General Fund Revenues	3,169.9		NA		
June 2005 DEFAC Estimate	<u>3,062.6</u>		<u>3,192.0</u>		
Difference from June 2005 Estimate	<u>\$ 107.3</u>		<u>\$ 100.3</u>		<u>\$ 207.6</u>
Reconciliation: Amount of Difference Due to:					
Revenue Resolution (June 2005 / Jan. 2006)	\$ (54.3)		\$ (91.5)		\$ (145.8)
Total DEFAC Changes	165.2		191.8		357.0
FY 2006 Actual vs. June 2006 Estimate	<u>(3.6)</u>		<u>-</u>		<u>(3.6)</u>
Difference from June 2005 Estimate	<u>\$ 107.3</u>		<u>\$ 100.3</u>		<u>\$ 207.6</u>

Table 2.

**DEFAC General Fund Revenue Forecast Accuracy**

(Millions)

**FY 2006**

Adjusted June 2005 DEFAC Forecast (Starting point for review of FY 2006 DEFAC estimates made in FY 2006.)	\$	3,008.3
Actual FY 2006 Net General Fund Revenues		<u>3,169.9</u>
Difference	\$	161.6
Percent Difference		5.4%

**FY 2007**

Adjusted June 2005 DEFAC Forecast (Starting point for review of FY 2007 DEFAC estimates made in FY 2006.)	\$	3,100.5
June 2006 DEFAC Estimate for FY 2007		<u>3,292.3</u>
Difference	\$	191.8
Percent Difference		6.2%



Table 3.

**FY 2006 Economic Indicators**

(Annual Percentage Growth vs FY 2005; Except Ten-Year T-Bond, which is annual interest rate.)

Indicator	FY 2006 Forecast as of:					Increase (Decrease)
	June 2005	September 2005	December 2005	March 2006	June 2006	
Real GDP	3.3	3.4	3.7	3.5	3.5	0.2
U.S. Employment	1.7	1.6	1.5	1.5	1.5	(0.2)
U.S. Personal Income	6.0	6.0	5.2	5.5	5.1	(0.9)
Real Consumer Expenditures	3.2	3.0	3.2	3.4	3.3	0.1
Consumer Price Index	2.4	3.6	3.5	3.4	3.8	1.4
Ten-Year T-Bond Rate	4.8	4.5	4.7	4.5	4.6	(0.2)
S&P 500	5.8	7.8	7.5	8.2	8.4	2.6
Crude Oil Prices	7.4	36.2	27.9	33.1	36.2	28.8
Delaware Employment	1.8	1.6	1.6	1.5	1.6	(0.2)
Delaware Income	6.5	7.0	6.9	6.4	6.7	0.2

Table 4.

# DEFAC ESTIMATES OF FY 2006 GENERAL FUND REVENUES:

## Impact of Legislative and Other Changes

(\$ millions)

<b>Revenue Category</b>	<b>June 2005</b>	<b>FY 2006 Legislative Changes</b>	<b>FY 2006 Revenue Resolution</b>
<b>Personal Income Tax</b>	<b>1,093.9</b>		<b>1,093.9</b>
<b>Less: Refunds</b>	<b><u>(140.7)</u></b>		<b><u>(140.7)</u></b>
<b>PIT Less Refunds</b>	<b>953.3</b>		<b>953.3</b>
Franchise Tax	528.8		528.8
Less: Refunds	<u>(17.0)</u>		<u>(17.0)</u>
Franchise Tax Less Refunds	511.8		511.8
<b>Corporate Fees</b>	<b>56.8</b>		<b>56.8</b>
<b>Limited Partnerships &amp; LLC's</b>	<b>72.2</b>		<b>72.2</b>
<b>Uniform Commercial Code</b>	<b>14.5</b>	<b>(0.4)</b>	<b>14.1</b>
Corporation Income Tax	165.9		165.9
Less: Refunds	<u>(35.0)</u>		<u>(35.0)</u>
CIT Less Refunds	130.9		130.9
<b>Bank Franchise Tax</b>	<b>145.8</b>		<b>145.8</b>
<b>Gross Receipts Tax</b>	<b>189.4</b>	<b>(16.7)</b>	<b>172.7</b>
<b>Lottery (1)</b>	<b>241.5</b>	<b>2.3</b>	<b>243.8</b>
Abandoned Property	287.0		287.0
Hospital Board and Treatment	55.1		55.1
Dividends and Interest	15.0		15.0
<b>Realty Transfer Tax</b>	<b>117.6</b>	<b>(10.0)</b>	<b>107.6</b>
<b>Estate Tax</b>	<b>1.7</b>		<b>1.7</b>
<b>Insurance Taxes</b>	<b>58.9</b>		<b>58.9</b>
Public Utility Tax	38.1		38.1
Cigarette Taxes	82.4		82.4
Other Revenues	112.9	(29.5)	83.4
<b>Less: Other Refunds</b>	<b><u>(22.3)</u></b>		<b><u>(22.3)</u></b>
<b>Net Receipts</b>	<b>3,062.6</b>	<b>(54.3)</b>	<b>3,008.3</b>

(1) Not part of original revenue resolution; added January 2006.

Table 5.

**DEFAC ESTIMATES OF FY 2006 GENERAL FUND REVENUES**  
(\$ millions)

Revenue Category	Revenue Resolution	September 2005	December 2005	March 2006	April 2006	May 2006	June 2006	Actual	Actual vs Corrected Resolution	
									Increase (Decrease)	% Ch from Rev. Resolution
<b>Personal Income Tax</b>	<b>1,093.9</b>	<b>1,088.2</b>	<b>1,102.2</b>	<b>1,136.0</b>	<b>1,144.0</b>	<b>1,164.7</b>	<b>1,162.2</b>	<b>1,163.3</b>	<b>69.4</b>	<b>6.3%</b>
Less: Refunds	(140.7)	(140.7)	(140.7)	(142.0)	(143.5)	(143.5)	(147.5)	(147.9)	(7.2)	5.1%
<b>PIT Less Refunds</b>	<b>953.3</b>	<b>947.6</b>	<b>961.6</b>	<b>994.0</b>	<b>1,000.5</b>	<b>1,021.2</b>	<b>1,014.7</b>	<b>1,015.4</b>	<b>62.1</b>	<b>6.5%</b>
Franchise Tax	528.8	528.8	523.3	523.3	523.3	528.4	526.6	526.4	(2.4)	-0.5%
Less: Refunds	(17.0)	(17.0)	(17.0)	(17.0)	(17.0)	(13.0)	(13.0)	(14.1)	2.9	-17.0%
Franchise Tax Less Refunds	511.8	511.8	506.3	506.3	506.3	515.4	513.6	512.3	0.4	0.1%
<b>Corporate Fees</b>	<b>56.8</b>	<b>60.1</b>	<b>60.1</b>	<b>62.2</b>	<b>62.2</b>	<b>62.2</b>	<b>62.4</b>	<b>61.8</b>	<b>5.0</b>	<b>8.8%</b>
Limited Partnerships & LLC's	72.2	72.2	72.2	74.5	74.5	75.0	77.4	76.5	4.3	5.9%
Uniform Commercial Code	14.1	13.8	13.8	14.1	14.1	14.1	14.5	14.7	0.6	3.9%
Corporate Income Tax	165.9	172.7	182.7	182.7	185.0	180.5	187.5	182.7	16.8	10.1%
Less: Refunds	(35.0)	(35.0)	(35.0)	(35.0)	(32.5)	(24.0)	(22.0)	(20.2)	14.8	-42.4%
CIT Less Refunds	130.9	137.7	147.7	147.7	152.5	156.5	165.5	162.6	31.7	24.2%
<b>Bank Franchise Tax</b>	<b>145.8</b>	<b>145.8</b>	<b>143.3</b>	<b>138.7</b>	<b>138.7</b>	<b>133.4</b>	<b>132.8</b>	<b>132.7</b>	<b>(13.1)</b>	<b>-9.0%</b>
<b>Gross Receipts Tax</b>	<b>172.7</b>	<b>172.7</b>	<b>172.7</b>	<b>172.7</b>	<b>175.0</b>	<b>177.0</b>	<b>177.0</b>	<b>179.3</b>	<b>6.6</b>	<b>3.8%</b>
<b>Lottery</b>	<b>243.8</b>	<b>242.0</b>	<b>238.4</b>	<b>244.3</b>	<b>245.8</b>	<b>246.8</b>	<b>247.8</b>	<b>248.8</b>	<b>5.0</b>	<b>2.1%</b>
Abandoned Property	287.0	287.0	287.0	300.0	310.0	315.0	320.0	325.1	38.1	13.3%
Hospital Board and Treatment	55.1	55.9	56.4	57.1	58.1	58.5	58.9	59.9	4.8	8.8%
Dividends and Interest	15.0	15.5	17.0	17.0	15.5	14.0	13.4	13.5	(1.5)	-10.0%
<b>Realty Transfer Tax</b>	<b>107.6</b>	<b>112.6</b>	<b>122.6</b>	<b>118.8</b>	<b>117.5</b>	<b>115.0</b>	<b>115.5</b>	<b>116.9</b>	<b>9.3</b>	<b>8.6%</b>
<b>Estate Tax</b>	<b>1.7</b>	<b>4.0</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.8</b>	<b>4.9</b>	<b>4.9</b>	<b>3.2</b>	<b>188.2%</b>
<b>Insurance Taxes</b>	<b>58.9</b>	<b>59.8</b>	<b>60.8</b>	<b>64.4</b>	<b>65.1</b>	<b>65.1</b>	<b>68.5</b>	<b>66.8</b>	<b>7.9</b>	<b>13.4%</b>
Public Utility Tax	38.1	38.3	39.0	40.0	40.0	39.2	39.2	39.4	1.3	3.3%
Cigarette Taxes	82.4	84.4	87.0	88.5	89.0	87.0	87.0	88.5	6.1	7.4%
Other Revenues	83.4	82.2	82.3	82.7	82.7	82.7	82.5	72.1	(11.3)	-13.6%
<b>Less: Other Refunds</b>	<b>(22.3)</b>	<b>(23.7)</b>	<b>(24.1)</b>	<b>(24.2)</b>	<b>(24.2)</b>	<b>(23.2)</b>	<b>(22.1)</b>	<b>(21.0)</b>	<b>1.3</b>	<b>-5.8%</b>
<b>Net Receipts</b>	<b>3,008.3</b>	<b>3,019.7</b>	<b>3,048.6</b>	<b>3,103.3</b>	<b>3,127.8</b>	<b>3,159.7</b>	<b>3,173.5</b>	<b>3,169.9</b>	<b>161.6</b>	<b>5.4%</b>

Table 6.

**FY 2007 Economic Indicators**

(Annual Percentage Growth vs FY 2006; Except Ten-Year T-Bond, which is annual interest rate.)

Indicator	FY 2007 Forecast as of:					Increase (Decrease)
	June 2005	September 2005	December 2005	March 2006	June 2006	
Real GDP	2.9	3.2	3.1	2.8	2.9	0.0
U.S. Employment	1.2	1.4	1.5	1.3	1.4	0.2
U.S. Personal Income	5.4	6.2	6.4	5.9	6.0	0.6
Real Consumer Expenditures	3.0	3.4	3.4	3.1	2.8	(0.2)
Consumer Price Index	1.7	1.4	1.5	1.6	2.2	0.5
Ten-Year T-Bond Rate	5.0	5.1	5.2	4.8	5.3	0.3
S&P 500	1.5	2.3	3.0	2.6	3.8	2.3
Crude Oil Prices	(5.8)	(15.2)	(13.0)	(2.4)	6.2	12.0
Delaware Employment	1.5	1.8	1.8	1.2	1.0	(0.5)
Delaware Income	5.6	6.4	6.5	6.2	6.2	0.6

Table 7.

# DEFAC ESTIMATES OF FY 2007 GENERAL FUND REVENUES

## Impact of Legislative Changes (\$ millions)

Revenue Category	June 2005	FY 2007 Legislative Changes	Adjusted June-05 Estimate
<b>Personal Income Tax</b>	<b>1,162.6</b>		<b>1,162.6</b>
Less: Refunds	<u>(147.7)</u>	<u>(5.0)</u>	<u>(152.7)</u>
<b>PIT Less Refunds</b>	<b>1,014.9</b>	<b>(5.0)</b>	<b>1,009.9</b>
Franchise Tax	550.0		550.0
Less: Refunds	<u>(17.0)</u>		<u>(17.0)</u>
Franchise Tax Less Refunds	533.0		533.0
<b>Corporate Fees</b>	<b>59.6</b>		<b>59.6</b>
<b>Limited Partnerships &amp; LLC's</b>	<b>80.9</b>		<b>80.9</b>
<b>Uniform Commercial Code</b>	<b>15.1</b>	<b>(4.8)</b>	<b>10.3</b>
Corporation Income Tax	174.1		174.1
Less: Refunds	<u>(35.0)</u>		<u>(35.0)</u>
CIT Less Refunds	139.1		139.1
<b>Bank Franchise Tax (1)</b>	<b>160.5</b>	<b>(6.0)</b>	<b>154.5</b>
<b>Gross Receipts Tax</b>	<b>200.8</b>	<b>(47.1)</b>	<b>153.7</b>
<b>Lottery (1)</b>	<b>237.8</b>	<b>11.4</b>	<b>249.2</b>
Abandoned Property	277.0		277.0
Hospital Board and Treatment	57.1		57.1
Dividends and Interest	17.0		17.0
<b>Realty Transfer Tax</b>	<b>117.6</b>	<b>(10.0)</b>	<b>107.6</b>
<b>Estate Tax</b>	<b>0.0</b>		<b>0.0</b>
<b>Insurance Taxes</b>	<b>61.9</b>		<b>61.9</b>
Public Utility Tax	39.4		39.4
Cigarette Taxes	83.8		83.8
Other Revenues	118.8	(30.0)	88.8
<b>Less: Other Refunds</b>	<u><b>(22.3)</b></u>		<u><b>(22.3)</b></u>
<b>Net Receipts</b>	<b>3,192.0</b>	<b>(91.5)</b>	<b>3,100.5</b>

(1) Not part of original revenue resolution; added January 2006.

Table 8.

**DEFAC ESTIMATES OF FY 2007 GENERAL FUND REVENUES**  
(\$ millions)

<b>Revenue Category</b>	<b>Adjusted</b>	<b>September</b>	<b>December</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>June 2006 vs June 2005</b>	
	<b>Jun-05</b>							<b>Increase</b>	<b>Percent</b>
	<b>Estimate</b>	<b>2005</b>	<b>2005</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	<b>2006</b>	<b>(Decrease)</b>	<b>Change</b>
<b>Personal Income Tax</b>	<b>1,162.6</b>	<b>1,156.5</b>	<b>1,176.2</b>	<b>1,181.9</b>	<b>1,189.5</b>	<b>1,225.3</b>	<b>1,222.5</b>	<b>59.9</b>	<b>5.2%</b>
Less: Refunds	<u>(152.7)</u>	<u>(152.7)</u>	<u>(152.7)</u>	<u>(154.2)</u>	<u>(155.8)</u>	<u>(155.8)</u>	<u>(160.1)</u>	<u>(7.4)</u>	<u>4.8%</u>
<b>PIT Less Refunds</b>	<b>1,009.9</b>	<b>1,003.8</b>	<b>1,023.5</b>	<b>1,027.7</b>	<b>1,033.7</b>	<b>1,069.5</b>	<b>1,062.4</b>	<b>52.5</b>	<b>5.2%</b>
Franchise Tax	550.0	550.0	544.3	544.3	544.3	554.8	552.9	2.9	0.5%
Less: Refunds	<u>(17.0)</u>	<u>(17.0)</u>	<u>(17.0)</u>	<u>(17.0)</u>	<u>(17.0)</u>	<u>(13.0)</u>	<u>(13.0)</u>	<u>4.0</u>	<u>-23.5%</u>
Franchise Tax Less Refunds	533.0	533.0	527.3	527.3	527.3	541.8	539.9	6.9	1.3%
<b>Corporate Fees</b>	<b>59.6</b>	<b>63.1</b>	<b>63.1</b>	<b>65.4</b>	<b>65.4</b>	<b>65.9</b>	<b>66.1</b>	<b>6.5</b>	<b>10.9%</b>
<b>Limited Partnerships &amp; LLC's</b>	<b>80.9</b>	<b>80.9</b>	<b>80.9</b>	<b>83.4</b>	<b>83.4</b>	<b>86.3</b>	<b>89.0</b>	<b>8.1</b>	<b>10.0%</b>
<b>Uniform Commercial Code</b>	<b>10.3</b>	<b>10.2</b>	<b>10.2</b>	<b>10.2</b>	<b>10.2</b>	<b>10.2</b>	<b>10.5</b>	<b>0.2</b>	<b>1.9%</b>
Corporation Income Tax	174.1	181.3	191.8	191.8	194.4	196.7	204.3	30.2	17.3%
Less: Refunds	<u>(35.0)</u>	<u>(35.0)</u>	<u>(35.0)</u>	<u>(35.0)</u>	<u>(32.5)</u>	<u>(35.0)</u>	<u>(35.0)</u>	<u>0.0</u>	<u>0.0%</u>
CIT Less Refunds	139.1	146.3	156.8	156.8	161.9	161.7	169.3	30.2	21.7%
<b>Bank Franchise Tax</b>	<b>154.5</b>	<b>160.5</b>	<b>153.1</b>	<b>144.6</b>	<b>144.6</b>	<b>148.8</b>	<b>151.3</b>	<b>(3.2)</b>	<b>-2.1%</b>
<b>Gross Receipts Tax</b>	<b>153.7</b>	<b>153.7</b>	<b>153.7</b>	<b>153.7</b>	<b>155.7</b>	<b>161.1</b>	<b>161.1</b>	<b>7.4</b>	<b>4.8%</b>
<b>Lottery</b>	<b>249.2</b>	<b>240.3</b>	<b>242.6</b>	<b>255.1</b>	<b>256.7</b>	<b>258.2</b>	<b>259.3</b>	<b>10.1</b>	<b>4.1%</b>
Abandoned Property	277.0	277.0	277.0	290.0	300.0	315.0	315.0	38.0	13.7%
Hospital Board and Treatment	57.1	58.6	59.1	59.9	60.6	61.0	62.2	5.1	8.9%
Dividends and Interest	17.0	17.6	19.3	19.3	17.6	16.1	16.1	(0.9)	-5.3%
<b>Realty Transfer Tax</b>	<b>107.6</b>	<b>112.6</b>	<b>112.6</b>	<b>109.1</b>	<b>107.9</b>	<b>107.9</b>	<b>108.4</b>	<b>0.8</b>	<b>0.7%</b>
<b>Estate Tax</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>NA</b>
<b>Insurance Taxes</b>	<b>61.9</b>	<b>62.9</b>	<b>63.9</b>	<b>67.7</b>	<b>67.7</b>	<b>69.0</b>	<b>72.6</b>	<b>10.7</b>	<b>17.3%</b>
Public Utility Tax	39.4	41.0	42.9	51.0	51.0	51.0	51.0	11.6	29.4%
Cigarette Taxes	83.8	85.8	88.9	90.4	91.0	91.0	91.0	7.2	8.6%
Other Revenues	88.8	87.6	88.0	88.4	88.4	89.6	89.6	0.8	0.9%
<b>Less: Other Refunds</b>	<b><u>(22.3)</u></b>	<b><u>(22.7)</u></b>	<b><u>(22.5)</u></b>	<b><u>(22.5)</u></b>	<b><u>(22.5)</u></b>	<b><u>(22.5)</u></b>	<b><u>(22.5)</u></b>	<b><u>(0.2)</u></b>	<b><u>0.9%</u></b>
<b>Net Receipts</b>	<b>3,100.5</b>	<b>3,112.2</b>	<b>3,140.4</b>	<b>3,177.5</b>	<b>3,200.6</b>	<b>3,281.6</b>	<b>3,292.3</b>	<b>191.8</b>	<b>6.2%</b>

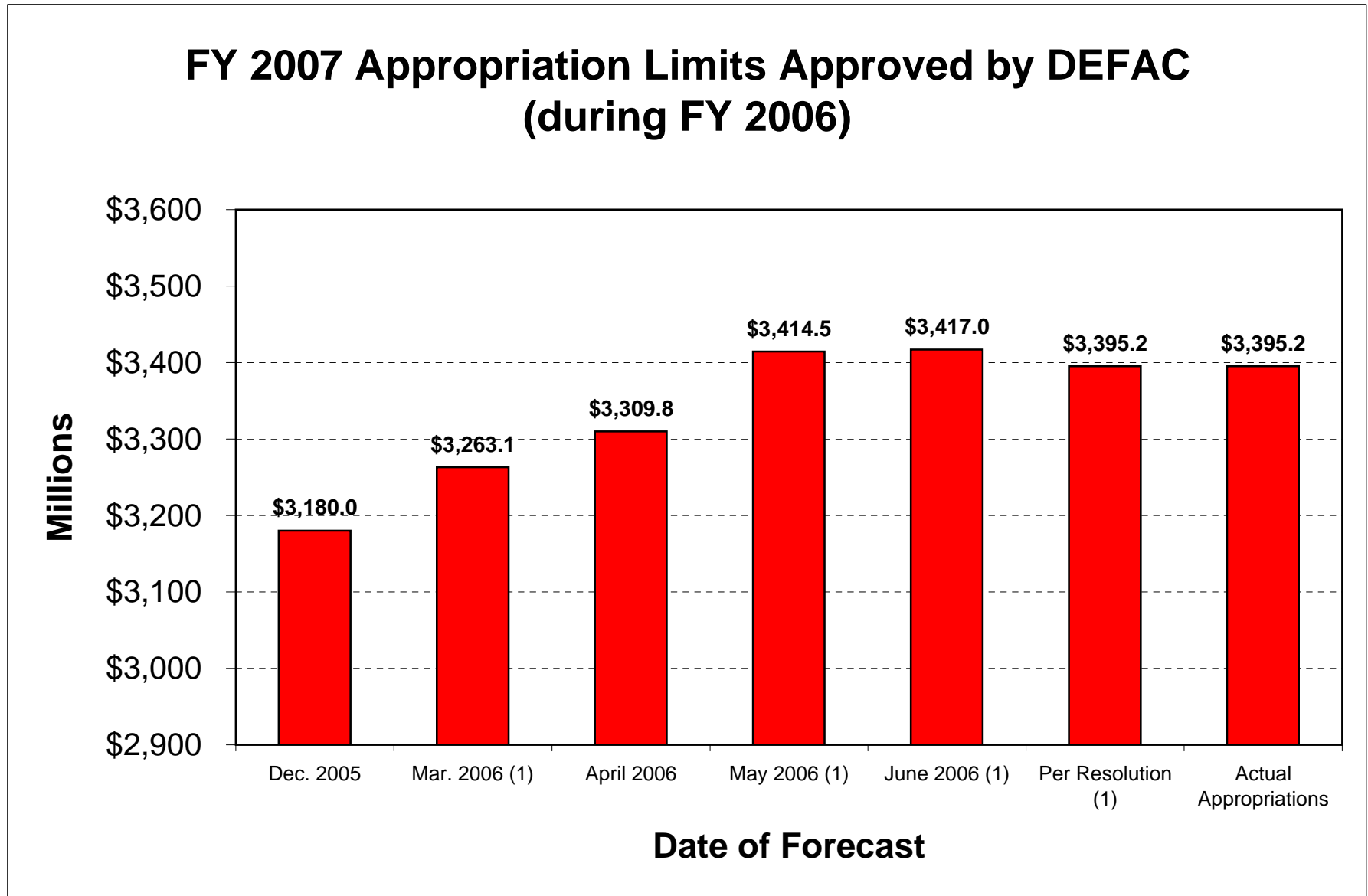
Table 9.

### FY 2006 General Fund Expenditure Estimates

Components of Expenditure Estimates (1)	Estimated as of December-05	Estimated as of March-06	Estimated as of April-06	Estimated as of May-06	Estimated as of June-06	Actual	\$ Ch Actual vs. Dec.	% Ch Actual vs. Dec.
FY 2006 Appropriations	3,166.5	3,171.5	3,171.5	3,179.5	3,201.5	3,208.0	41.5	1.3%
Continuing Appropriations and Encumbrances from Prior Years	327.8	327.8	327.8	327.8	327.8	327.8	-	0.0%
	3,494.3	3,499.3	3,499.3	3,507.3	3,529.3	3,535.8	41.5	1.2%
Less: Continuing Appropriations and Encumbrances from FY 2006	(224.0)	(255.6)	(250.1)	(272.1)	(336.6)	(342.5)	(118.5)	52.9%
Less: Reversions	(10.0)	(8.0)	(8.0)	(10.0)	(10.0)	(12.8)	(2.8)	28.3%
Expenditures	3,260.3	3,235.7	3,241.2	3,225.2	3,182.7	3,180.5	(79.8)	-2.4%

(1) During FY 2006 additional supplemental appropriations were made increasing the total spending authority by \$41.5 million. Total FY 2007 expenditures of \$3,180.5 million were 12.7% higher than FY 2006.

Chart 1.



(1) During FY 2006, five additional supplemental appropriations were made amounting to \$41.5 million. These appropriations were recognized by DEFAC at its March, May and June meetings. A final supplemental appropriation was made after the June DEFAC meeting. In each of the five cases, fewer dollars were available for FY 2007 appropriations.



Table 10.

### General Fund Budget Appropriations

Budget Element	FY 2004	FY 2005	FY05 / 04	FY 2006	FY06 / 05	FY 2007	FY 07 / 06
Operating Budget	2,445.1	2,600.4	6.4%	2,836.0	9.1%	3,101.9	9.4%
Grant-in-Aid	38.4	40.0	4.1%	42.4	6.0%	50.0	17.9%
Supplemental	166.9	285.0	70.8%	329.6	15.6%	243.3	-26.2%
Total Appropriations	2,650.4	2,925.4	10.4%	3,208.0	9.7%	3,395.2	5.8%

In FY 2007, the State increased from \$10 million to \$24 million its earmark of Abandoned Property revenues to the Transportation Trust Fund. Consequently, the FY 2006 and FY 2007 Operating Budgets presented herein are on slightly different bases. If the FY 2006 Operating Budget and revenues were presented under the new accounting method, they would have been \$14.0 million lower. The impact of this item on the FY 2007 Operating Budget growth rate would be 0.5%, which would result in an adjusted growth rate of 9.9%.

Table 11.

**DEFAC**  
**Transportation Trust Fund Revenues**  
**FY 2006 Projections**

Revenue Category	Jun-05 FY 2006 Proj	Sep-05 FY 2006 Proj	Dec-05 FY 2006 Proj	Mar-06 FY 2006 Proj	Apr-06 FY 2006 Proj	May-06 FY 2006 Proj	Jun-06 FY 2006 Proj	FY 2006 Actual	Actual vs. June 2005 Increase (Decrease)	Percent Change
<b><u>TOLL ROAD REVENUES:</u></b>										
I95 Newark Plaza	\$ 60.0	\$ 86.4	\$ 85.0	\$ 85.0	\$ 85.0	\$ 85.0	\$ 85.0	\$ 83.3	\$ 23.3	38.8%
Route 1 Toll Road	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.1	(0.4)	-1.3%
Concessions	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7	0.1	4.0%
<b>Total Toll Road Revenues</b>	\$ 95.1	\$ 121.5	\$ 120.2	\$ 120.2	\$ 120.2	\$ 120.2	\$ 120.2	\$ 118.0	\$ 22.9	24.1%
<b><u>MOTOR FUEL TAX ADMIN.</u></b>										
Motor Fuel Tax	\$ 114.0	\$ 114.0	\$ 118.5	\$ 118.5	\$ 118.5	\$ 118.5	\$ 120.1	\$ 120.1	\$ 6.1	5.3%
Motor Carrier Fees	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.6	(0.3)	-7.1%
<b>Total MFTA Revenues</b>	117.9	117.9	122.4	122.4	122.4	122.4	124.0	123.7	5.8	4.9%
<b><u>DIVISION OF MOTOR VEHICLES</u></b>										
Motor Vehicle Document Fees	\$ 68.0	\$ 68.0	\$ 67.0	\$ 67.0	\$ 67.0	\$ 67.0	\$ 65.3	\$ 64.8	\$ (3.2)	-4.6%
Motor Vehicle Registration Fees	\$ 30.5	\$ 30.5	\$ 30.5	\$ 30.5	\$ 30.5	\$ 30.5	\$ 29.9	\$ 30.2	\$ (0.3)	-0.9%
Other DMV Revenues	22.0	22.0	22.0	22.0	22.0	22.0	21.3	20.3	(1.7)	-7.6%
<b>Total DMV Revenues</b>	120.5	120.5	119.5	119.5	119.5	119.5	116.5	115.4	(5.1)	-4.2%
<b><u>OTHER TRANSPORTATION REV.</u></b>										
Other Transportation Rev	\$ 5.0	\$ 12.3	\$ 12.3	\$ 12.3	\$ 12.3	\$ 12.3	\$ 12.3	\$ 13.0	\$ 8.0	160.0%
Investment Income(Net)	\$ 7.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 6.5	\$ 7.0	\$ 7.9	\$ 0.4	5.9%
<b>Total Other Transp. Revenue</b>	\$ 12.5	\$ 18.8	\$ 18.8	\$ 18.8	\$ 18.8	\$ 18.8	\$ 19.3	\$ 20.9	\$ 8.4	67.6%
<b>GRAND TOTAL</b>	\$ 346.0	\$ 378.7	\$ 380.9	\$ 380.9	\$ 380.9	\$ 380.9	\$ 380.0	\$ 378.1	\$ 32.1	9.3%

Table 12.

**DEFAC**  
**Transportation Trust Fund Revenues**  
**FY 2007 Projections**

	Jun-05 FY 2007 Proj	Sep-05 FY 2007 Proj	Dec-05 FY 2007 Proj	Mar-06 FY 2007 Proj	Apr-06 FY 2007 Proj	May-06 FY 2007 Proj	Jun-06 FY 2007 Proj	June 2006 vs. June 2005	
								Increase (Decrease)	% Change
<b><u>TOLL ROAD REVENUES:</u></b>									
I95 Newark Plaza	\$ 60.5	\$ 99.0	\$ 98.0	\$ 98.0	\$ 98.0	\$ 98.0	\$ 98.0	\$ 37.5	62.0%
Route 1 Toll Road	33.5	33.5	33.5	33.5	33.5	33.5	33.5	-	0.0%
Concessions	2.7	2.7	2.7	2.7	2.7	2.7	2.7	-	0.0%
<b>Total Toll Road Revenues</b>	\$ 96.7	\$ 135.2	\$ 134.2	\$ 134.2	\$ 134.2	\$ 134.2	\$ 134.2	\$ 37.5	38.8%
<b><u>MOTOR FUEL TAX ADMIN.</u></b>									
Motor Fuel Tax	\$ 115.0	\$ 115.0	\$ 117.0	\$ 117.0	\$ 117.0	\$ 117.0	\$ 120.1	\$ 5.1	4.4%
Motor Carrier Fees	3.9	3.9	3.9	3.9	3.9	3.9	3.9	-	0.0%
<b>Total MFTA Revenues</b>	118.9	118.9	120.9	120.9	120.9	120.9	124.0	5.1	4.3%
<b><u>DIVISION OF MOTOR VEHICLES</u></b>									
Motor Vehicle Document Fees	\$ 70.0	\$ 70.0	\$ 69.0	\$ 69.0	\$ 69.0	\$ 69.0	\$ 66.3	\$ (3.7)	-5.3%
Motor Vehicle Registration Fees	\$ 31.2	\$ 31.2	\$ 31.2	\$ 31.2	\$ 31.2	\$ 31.2	\$ 31.2	\$ -	0.0%
Other DMV Revenues	23.0	20.3	22.5	22.5	22.5	22.5	22.5	(0.5)	-2.2%
<b>Total DMV Revenues</b>	124.2	121.5	122.7	122.7	122.7	122.7	120.0	(4.2)	-3.4%
<b><u>OTHER TRANSPORTATION REV.</u></b>									
Other Transportation Rev	\$ 5.2	\$ 12.5	\$ 12.5	\$ 12.5	\$ 12.5	\$ 12.5	\$ 12.5	\$ 7.3	140.4%
Investment Income(Net)	\$ 7.0	\$ 7.5	\$ 7.5	\$ 7.5	\$ 7.5	\$ 7.5	\$ 7.5	\$ 0.5	7.1%
<b>Total Other Transp. Revenue</b>	\$ 12.2	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 7.8	63.9%
<b>GRAND TOTAL</b>	\$ 352.0	\$ 395.6	\$ 397.8	\$ 397.8	\$ 397.8	\$ 397.8	\$ 398.2	\$ 46.2	13.1%

Table 13.

**DEFAC**  
**Transportation Trust Fund**  
**FY2006 Expenditure Forecasts**

<b>Operating</b>	FY2006 Forecast	FY2006 Forecast	FY2006 Forecast	FY2006 Forecast	FY2006 Forecast	FY 2006	Actual vs. Dec 2005	
	<u>as of 12/05</u>	<u>as of 3/06</u>	<u>as of 4/06</u>	<u>as of 5/06</u>	<u>as of 6/06</u>	<u>Actual</u>	<u>Increase</u>	<u>Percent</u>
							<u>(Decrease)</u>	<u>Change</u>
Operations Spending	\$218.5	\$211.1	\$211.1	\$211.1	\$211.1	\$218.1	(0.4)	-0.2%
General Fund Support	(\$14.0)	(\$14.0)	(\$14.0)	(\$14.0)	(\$14.0)	(\$14.0)		
Debt Service	<u>\$146.2</u>	<u>\$146.2</u>	<u>\$146.2</u>	<u>\$146.2</u>	<u>\$146.2</u>	<u>\$146.2</u>	<u>0.0</u>	<u>0.0%</u>
<b>Total Operations Spending</b>	<b>\$350.7</b>	<b>\$343.3</b>	<b>\$343.3</b>	<b>\$343.3</b>	<b>\$343.3</b>	<b>\$350.3</b>	<b>(0.4)</b>	<b>-0.1%</b>
<b>Capital</b>	FY2006 Forecast	FY2006 Forecast	FY2006 Forecast	FY2006 Forecast	FY2006 Forecast	FY 2006	Actual vs. Dec 2005	
	<u>as of 12/05</u>	<u>as of 3/06</u>	<u>as of 4/06</u>	<u>as of 5/06</u>	<u>as of 6/06</u>	<u>Actual</u>	<u>Increase</u>	<u>Percent</u>
							<u>(Decrease)</u>	<u>Change</u>
State	\$266.0	\$266.0	\$266.0	\$266.0	\$266.0	\$266.5	0.5	0.2%
Federal	<u>\$200.0</u>	<u>\$180.0</u>	<u>\$140.0</u>	<u>\$115.0</u>	<u>\$115.0</u>	<u>\$117.5</u>	<u>(82.5)</u>	<u>-41.3%</u>
<b>Total Capital Spending</b>	<b>\$466.0</b>	<b>\$446.0</b>	<b>\$406.0</b>	<b>\$381.0</b>	<b>\$381.0</b>	<b>\$384.0</b>	<b>(82.0)</b>	<b>-17.6%</b>
<b>Total Spending</b>	<b><u>\$816.7</u></b>	<b><u>\$789.3</u></b>	<b><u>\$749.3</u></b>	<b><u>\$724.3</u></b>	<b><u>\$724.3</u></b>	<b><u>\$734.3</u></b>	<b><u>(82.4)</u></b>	<b><u>-10.1%</u></b>

Table 14.

**ATTENDANCE RECORDS**

(For Members as of 6/30/2006)

	9/19/2005	12/19/2005	3/20/2006	4/17/2006	5/15/2006	6/19/2006	Total
<b>1 H. Beckler</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>4 / 6</b>
2 J. Bullock	Y	Y	Y	Y	Y	Y	6 / 6
<b>3 R. Byrd</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>6 / 6</b>
4 J. M. Cherry	N	Y	N	N	Y	Y	3 / 6
<b>5 N. Cook</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>4 / 6</b>
6 R. Cordrey	Y	Y	Y	N	Y	Y	5 / 6
<b>7 J. W. Davis</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>2 / 6</b>
8 L. Davis-Burnham	Y	Y	Y	Y	Y	Y	6 / 6
<b>9 R. Davis</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>5 / 6</b>
10 R. Derrickson	Y	N	Y	N	Y	Y	4 / 6
<b>11 J. DiPinto</b>	<b>N</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>1 / 6</b>
12 F. Dixon	N	Y	Y	N	Y	N	3 / 6
<b>13 B. Fasy</b>	<b>N</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>1 / 6</b>
14 R. Gilligan	N	Y	N	N	Y	Y	3 / 6
<b>15 R. Glen</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>6 / 6</b>
16 J. Horthy	Y	Y	Y	N	N	Y	4 / 6
<b>17 D. Hudson</b>	<b>N</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>Y</b>	<b>N</b>	<b>2 / 6</b>
18 S. Kaufman	N	N	N	N	N	N	0 / 6
<b>19 R. Larson</b>	<b>N</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>1 / 6</b>
20 K. Lewis	Y	Y	Y	Y	Y	Y	6 / 6
<b>21 D. Link</b>	<b>Y</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>5 / 6</b>
22 A. Lubin	N	Y	Y	Y	Y	Y	5 / 6
<b>23 J. Markell</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>5 / 6</b>
24 C. Morgan	Y	Y	Y	Y	Y	Y	6 / 6
<b>25 E. Ratledge</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>6 / 6</b>
26 P. Ross	N	N	Y	N	Y	N	2 / 6
<b>27 G. Simpson</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>4 / 6</b>
28 T. Shopa	Y	Y	N	N	Y	Y	4 / 6
<b>29 H. Smith-Windsor</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>Y</b>	<b>Y</b>	<b>5 / 6</b>
30 D. Swayze	Y	Y	Y	Y	Y	Y	6 / 6
<b>31 C. Wicks</b>	<b>NA</b>	<b>NA</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>3 / 4</b>

Y = Present at Meeting; N = Not Present